



GOVERNMENT OF THE COMMONWEALTH OF DOMINICA

PROSPECTUS

For

EC\$80 Million, 91 day Treasury bills

(Series A: ECD 20M; Series B: ECD 20M; Series C: ECD 20M; Series D: ECD 20M)

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PROSPECTUS DATE: NOVEMBER 2021

The Prospectus has been drawn up in accordance with the rules of the Regional Government Securities Market. The Regional Debt Coordinating Committee and Eastern Caribbean Central Bank accept no responsibility for the content of this Prospectus, make no representations as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss whatsoever arising from or reliance upon the whole or any part of the contents of this Prospectus. This prospectus is issued for the purpose of giving information to the public. If you are in doubt about the contents of this document or need financial or investment advice you should consult a person licensed under the Securities Act or any other duly qualified person who specializes in advising on the acquisition of government instruments or other securities.



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Notice to Investors

This prospectus is issued for the purposes of giving information to the public. The Government of the Commonwealth of Dominica (GOCD) affirms the accuracy of the information contained herein and accepts full responsibility for the same. The GOCD confirms that, having made all reasonable inquiries, this prospectus contains all information material in the context of the securities being issued, and to the best of its knowledge there are no other facts, the omission of which would cause the information in this prospectus to be misleading.

This prospectus and its content are issued for the specific securities described herein. Should you need advice, you should consult a person licensed under the Securities Act or any other duly qualified person who specializes on advising on the acquisition of Governments instruments or other securities.

The ultimate decision and responsibility to proceed with any transaction with respect to this offering rests solely with you. Therefore, prior to entering into the proposed investment, you should determine the economic risks and merits, as well as the legal, tax and accounting characteristics and consequences of this Bill offering, and that you are able to assume those risks.

This Prospectus and its content are issued for the specific securities described.

Abstract

The Government of the Commonwealth of Dominica (hereafter referred to as GOCD) proposes to raise a total of EC\$80 Million on the Regional Government Securities Market (RGSM) through the issue of the following securities:

- Four 91 day Treasury bills:

EC\$20 Million, with a maximum bid price of 5% each

The securities will be issued under the authority of the Treasury Bills Act No. 5 of 2010 of the Commonwealth of Dominica.

The securities will be issued on the Regional Government Securities Market (RGSM) in the months of March 2022, June 2022, September 2022, December 2022 and traded on the Secondary Market trading platform of the Eastern Caribbean Securities Exchange (ECSE) as follows:

Issue amount: EC\$80 Million

Auction Date	Tenor/Type	Amount	Trading Symbol	Settlement Date	Maturity Date
21 st March 2022	91 Day T-bill	EC\$20.0 Million	DMB210622	22 nd March 2022	21 st June 2022
22 nd June 2022	91 day T-bill	EC\$20.0 Million	DMB220922	23 rd June 2022	22 nd September 2022
26 th September 2022	91 day T-bill	EC\$20.0 Million	DMB271222	27 th September 2022	27 th December 2022
29 th December 2022	91 day T-bill	EC\$20.0 Million	DMB310323	30 th December 2022	31 th March 2023

Bidding will commence at 9:00 a.m. and will be closed at 12:00 noon on the auction day.

I. General Information

Issuer:	Government of the Commonwealth of Dominica (GOCD)
Address:	Ministry of Finance Financial Centre Roseau Commonwealth of Dominica
Email:	financialsecretary@dominica.gov.dm
Telephone No.:	(767) 266-3221
Facsimile No.:	(767) 448-0054
Contact Persons:	Hon. Mr. Roosevelt Skerrit, Prime Minister and Minister for Finance Ms. Denise Edwards, Financial Secretary Mrs. Beverly Pinard, Accountant General
Issue Dates:	21 st March 2022 22 nd June 2022 26 th September 2022 29 th December 2022
Types of Securities:	Four (4) 91 day Treasury bills (\$20 million each)
Use of Proceeds:	The proceeds of this issue will be used to finance part of the GOCD operational budget and to refinance existing GOCD debt.
Legislative Authority:	The Treasury Bills Act No. 5 of 2010 of the Commonwealth of Dominica.

II. Information about the Issues

Method of Issue: The price of the issue will be determined by a competitive uniform price auction with open bidding

Listing: The securities will be issued on the RGSM and traded on the Eastern Caribbean Securities Exchange (ECSE), the secondary market trading platform.

Minimum Bid Amount: The minimum bid quantity is EC \$5,000.

Bid Multiplier: The bid multiplier will be EC \$1,000.

Bidding Period: **The bidding period will start at 9:00 a.m. and end at 12:00 noon on the auction day.**

Bid Limitation: Each investor is limited to one (1) bid with the option of increasing the amount being tendered or reducing the interest rate offered until the close of the bidding period.

Taxation: Yields on these securities will not be subject to any tax, duty or levy by Eastern Caribbean Currency Union (ECCU) participating Governments.

Participation: Investors may participate in the auction through licensed financial intermediaries on the Eastern Caribbean Securities Exchange (ECSE).

List of Intermediaries: The Bank of Nevis Limited

St. Kitts-Nevis-Anguilla National Bank Ltd

Bank of St. Lucia Limited

First Citizens Investment Services Limited

Bank of St Vincent and the Grenadines Limited

Grenada Co-operative Bank Limited

Currency of Issue:

All currency references are to Eastern Caribbean Dollars unless otherwise specified.

III. History

Nicknamed the “Nature Island of the Caribbean”, Dominica is reputed as an unspoiled nature haven and the quintessential eco-tourism destination in the Caribbean. The country’s early inhabitants, the Kalinago (Island Caribs), named the island Wai'tukubuli, meaning ‘Tall is her body’; a fitting description of the country’s mountainous interior.

Largely due to Dominica's position between Martinique and Guadeloupe, France eventually became predominant, and a French settlement was established and grew. The island became a British possession following the 1763 Treaty of Paris which ended the Seven Years' War between Britain and France. The French successfully invaded in 1778 with the active cooperation of the population. The island was subsequently returned to British rule by the 1783 Treaty of Paris. French invasions in 1795 and 1805 ended in failure.

Britain established a legislative assembly, representing only the white population in 1763. With the liberalization of racial attitudes around 1831 came the Brown Privilege Bill which conferred political and social rights on free nonwhites. Three Blacks were elected to the legislative assembly the following year. Slavery was abolished in 1838 and Dominica became the first and only British Caribbean colony with a Black-controlled legislature in the 19th century.

Dominica became part of the Leeward Island Federation in 1871 and the Crown Colony government was re-established in 1896. Political rights for the vast majority of the population were curtailed.

Heightened political consciousness post World War I led to a Representative Government Association. The group successfully captured one-third of the popularly elected seats of the legislative assembly in 1924 and one-half in 1936. Dominica subsequently was transferred from the Leeward Island Administration and was governed as part of the Windward’s until 1958, when it joined the short-lived West Indies Federation.

After the federation was dissolved, Dominica became an associated state of the United Kingdom in 1967 and formally took responsibility for its internal affairs. On November 3, 1978, the Commonwealth of Dominica was granted independence by the United Kingdom. (State, 2010)

IV. Demographics

As of 2019, Dominica’s population was estimated at 72,231 with an annual growth rate of 3.9%. Males account for 51.1% of the total population while females account for 48.9%. GDP per capita was estimated at EC\$ 20,887. Life expectancy at birth is 74.9 years while infant mortality per thousand live births is 13.5. Adult literacy is 88%. According to the most recent Country Poverty Assessment (2010), the unemployment rate has declined from 25 to 14 percent.

Table 1 - Age distribution of the Dominican population

AGE GROUP	2016			2017			2018			2019			% of Total Population
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL	
0-4	2,543	2,515	5,059	2,480	2,453	4,934	2,482	2,454	4,936	2,579	2,550	5,129	7.1%
5-9	2,716	2,625	5,341	2,649	2,560	5,209	2,650	2,562	5,212	2,754	2,662	5,416	7.5%
10-14	3,082	2,983	6,065	3,006	2,909	5,915	3,007	2,911	5,918	3,125	3,025	6,149	8.5%
15-19	3,380	3,173	6,553	3,296	3,094	6,391	3,298	3,096	6,394	3,427	3,217	6,644	9.2%
20-24	2,827	2,704	5,531	2,757	2,637	5,394	2,759	2,639	5,397	2,866	2,742	5,609	7.8%
25-29	2,631	2,575	5,206	2,566	2,511	5,077	2,567	2,513	5,080	2,667	2,611	5,278	7.3%
30-34	2,276	2,011	4,287	2,220	1,961	4,181	2,221	1,962	4,183	2,308	2,039	4,347	6.0%
35-39	2,478	2,308	4,785	2,416	2,251	4,667	2,418	2,252	4,670	2,512	2,340	4,852	6.7%
40-44	2,748	2,530	5,278	2,680	2,467	5,147	2,681	2,468	5,150	2,786	2,565	5,351	7.4%
45-49	2,527	2,251	4,778	2,464	2,196	4,660	2,466	2,197	4,663	2,562	2,283	4,845	6.7%
50-54	2,304	1,890	4,193	2,247	1,843	4,090	2,248	1,844	4,092	2,336	1,916	4,252	5.9%
55-59	1,738	1,517	3,254	1,695	1,479	3,174	1,696	1,480	3,176	1,762	1,538	3,300	4.6%
60-64	1,394	1,275	2,670	1,360	1,244	2,604	1,361	1,244	2,605	1,414	1,293	2,707	3.7%
65-69	1,141	1,167	2,308	1,112	1,138	2,251	1,113	1,139	2,252	1,157	1,184	2,340	3.2%
70-74	941	1,047	1,988	918	1,021	1,939	919	1,022	1,940	954	1,062	2,016	2.8%
75-79	773	918	1,690	754	895	1,649	754	895	1,649	784	930	1,714	2.4%
80-84	501	661	1,162	489	644	1,133	489	645	1,134	508	670	1,178	1.6%
85+	368	672	1,040	359	655	1,014	359	656	1,015	373	681	1,054	1.5%
N.S	34	12	46	33	12	45	33	12	45	34	13	47	0.1%
TOTAL	36,401	34,833	71,234	35,501	33,971	69,472	35,520	33,990	69,511	36,910	35,320	72,231	

Source: Central Statistics Office

Ability to influence future growth and demand for services

Education

During the review period the education policy of Government was geared towards improving the quality and relevance of the education system. Government was primarily focused on changing the nature, form and content of primary and secondary education, while strengthening and expanding welfare and support services and developing a quality system for Technical Vocational Education and Training (TVET). Government's commitment to educating the populace continued to be reflected in the distribution of its financial resources. During the fiscal year 2020/21, Government will be investing \$74.4 million in education or 5.3 percent of GDP, with the view of investing significantly more in the coming fiscal years.

Social Infrastructure

Public Sector expenditure on social infrastructure has been steady over the past four (4) fiscal years averaging 12.4 percent of total capital spending. In an effort to minimize the impact of the global recession on vulnerable groups, the government sought to contain unemployment and poverty by providing a fiscal stimulus. This was done through the Public Sector Investment Programme (PSIP) which created many jobs as the portfolio of projects was increased. The extent of the stimulus is reflected in the total PSIP expenditure which is at \$427.2 million or 30.2 percent of GDP.

V. Political

National elections were held in December 2019 and Dominica scores well on a number of governance indicators. The increase in the Dominica Labor Party's majority suggests a strong mandate to continue with the government's economic and political agenda. Dominica has strong ratings for voice and accountability, political stability, government effectiveness, control of corruption, regulatory quality, and the rule of law.

VI. Management and Administration of Public Finance

Debt management functions are coordinated among the Ministry of Finance (MOF) Debt Unit, the Accountant General's Office, and the Attorney General's chambers. The Debt Unit (DU), which operates under the control of the Budget Comptroller in the MOF, leads debt management strategy and implementation. The Public Debt and Cash Management Committee in the MOF oversee the debt management operations. The Public Debt and Cash Management Committee is comprised of the Financial Secretary, the Budget Comptroller, the Accountant General and the Debt Economist.

1. Debt Management Objectives

The GOCD's high-level debt management objective is "to ensure that the GOCD's financing needs and obligations are met on a timely basis. To do so in a way that minimizes cost over the medium to long term, while taking account of risks, and subject to that, to develop over time a range of financing options."

Guided by the foregoing the MOF seeks to ensure that the GOCD's debt management policies over the medium to long term support fiscal and monetary policy and help build a robust and resilient economy, able to withstand economic shocks. As such, the GOCD purports to lower public debt as a percentage of GDP to 60 percent by the revised time frame, FY 2035.

2. Debt management Strategy

The overall debt management strategy hinges on the objectives of minimizing borrowing costs. The GOCD recognizes the need to factor the impact of fluctuations in exchange rates on debt servicing costs and considers this in formulating its debt management strategy. The underlying elements guiding the strategy are:

- Limiting variable interest rate funding to no more than 15 percent of the public debt portfolio;
- Limiting non-US dollar external financing to a maximum of 20 percent of the public debt portfolio;
- Maintaining an Average Time to Maturity (ATM) of 9 years to minimize refinancing risk'
- Maintaining government guaranteed debt at 17 percent of total debt stock.

The overall debt management strategy also includes the provision of legal borrowing limits. The issuance of Treasury Bills, for example, is limited to EC\$80.0 million. Additionally, the authorities have revised the overdraft facility to meet current requirement and is now capped at \$56.5 million in totality. There are no borrowing limits for loans and bonds.

3. Transparency and Accountability

The GOCD is continuously seeking ways of improving its systems of accountability and transparency. As the authorities continue to adopt more prudent and transparent fiscal management practices, they intend to continue to utilize the Regional Government Securities Market (RGSM). Therefore, disclosure of information on the cash flow and debt stock will be available bi-annually to all investors, consistent with the rules of the Regional Debt Coordinating Committee (RDCC).

4. Institutional Framework

The Debt Unit (DU) of the Ministry of Finance (MOF) of the GOCD is charged with the responsibility of administering the Government's debt portfolio on a day-to-day basis and implementing the Government's borrowing strategy. The unit is directly accountable to the Budget Comptroller.

5. Risk Management Framework

The establishment of an effective and efficient debt management system as a major element of economic management is of paramount importance to the government of the Commonwealth of Dominica. Accordingly, attempts were made to strengthen the capacity of the debt unit (DU). Consequently, the DU's functions have been broadened to include:

- Assisting in the formulation of debt management strategies and policies
- Managing the debt portfolio to minimize cost with an acceptable risk profile
- Conducting risk analysis and developing risk management policies; and

- In collaboration with the Macro-policy Unit, conduct debt sustainability analysis to assess optimal borrowing levels.

CariCRIS Credit rating

On June 28, 2021, the Caribbean Information and Credit Rating Services Limited (CariCRIS) has reaffirmed its ratings of CariBB (Foreign and Local Currency Ratings) to the US \$25 million (notional) debt issue of the Government of the Commonwealth of Dominica (GOCD). These ratings indicate that the level of creditworthiness of this obligor, adjudged in relation to other obligors in the Caribbean is below average. CariCRIS has also revised the assigned outlook on the ratings from negative to stable. The stable outlook is based on the anticipation that the major impacts the COVID-19 pandemic have passed and the economy can be expected to record a moderate recovery in 2021 that will accelerate in 2022. The recovery is premised on the availability and distribution of vaccines, adequate health protocols remaining in place and the resurgence of tourism activity, which is expected to boost several other sectors and positively impact on fiscal operations, indebtedness, financial sector soundness and employment.

Furthermore, the ratings are supported by: (1) the external position remains solid, despite exports decline, (2) GDP, supported by CBI inflows and continued post-hurricane rebuilding, is expected to rebound quickly from COVID-19, and (3) Dominica has a stable political environment.

V11. Public Debt Overview

At the end of fiscal year 2020/21 the total disbursed outstanding debt of the public sector¹ stood at approximately EC\$1.47 billion (table 1) or 103.9 percent of GDP². This represents a 10.4 percent increase when compared to the same period in 2019/20. The increase is attributed to the contracting of new loans to respond to the direct impact of the Covid-19 pandemic, which includes the credit response facilities from the IMF, WB and CDB; in addition to drawdowns on existing commitment for ongoing projects. Central government holds the largest portion of the total public debt with 89.5 percent at the end of the period June 2021 while government guaranteed debt accounts for 10.5 percent. Most of the debt is held by external creditors with 60.0 percent and 40.0 percent is being held by domestic creditors.

Between fiscal years 2016/17 and 2020/21, the public debt to GDP ratio maintained an upward trajectory increasing by an average 10.1 percent. It can be noted that the debt to GDP ratio of fiscal year 2020/21 outpaced the previous year by 21.2 percent (See Appendix II). This spike was as a result of the increase in the debt stock while there was a corresponding reduction in GDP.

Total Government guaranteed disbursed outstanding debt maintained a downward trajectory over the period 2016/17 to 2020/21 decreasing by an overall average of 1.9 percent. During that period, the proportion of the guaranteed debt remained below the threshold of 17.0 percent as stated in the debt strategy indicating that it was not breached.

¹ Includes both central government and central government guaranteed debt and excludes floating debt

² Based on nominal GDP of \$ 1415.0 million for fiscal year 2020/2021

Table 1: Total Public Sector Debt (EC\$ m) as at June 2021

Public Sector debt	2016/17	2017/18	2018/19	2019/20	2021/21
External Debt	731.69	712.61	703.23	721.96	881.16
Central government	634.32	614.31	610.96	630.08	794.41
Guaranteed debt	97.37	98.3	92.27	91.88	86.75
Domestic Debt	306.73	318.67	503.84	609.90	588.64
Central government	237.24	250.41	432.71	540.88	520.75
Guaranteed debt	69.49	68.26	71.13	69.02	67.89
Total Debt	1038.42	1031.28	1207.07	1331.86	1469.80
Central government	871.56	864.72	1043.67	1170.96	1315.16
Guaranteed debt	166.86	166.56	163.40	160.90	154.64
Percentage of Debt					
Central government	83.93	83.85	86.46	87.92	89.48
Guaranteed debt	16.07	16.15	13.54	12.08	10.52

Source: Debt Unit, Ministry of Finance

Size of Public and Publicly Guaranteed External Debt

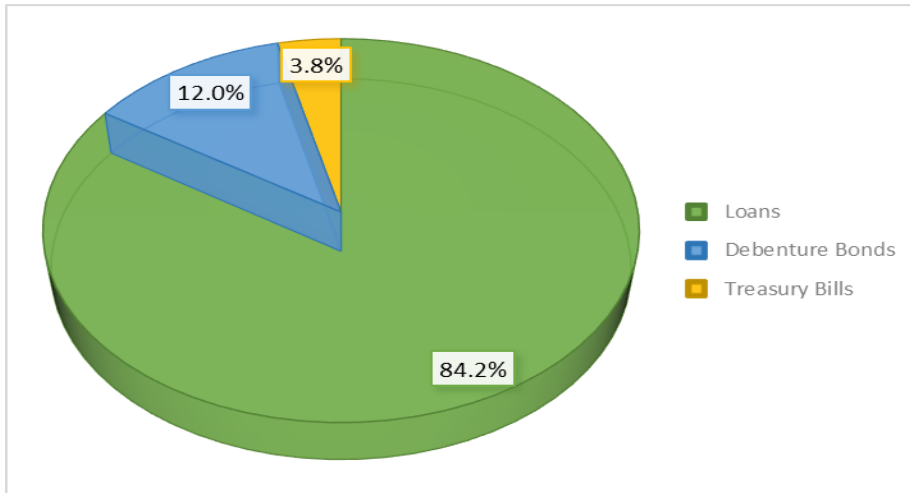
Table 2 shows the comparative figures for public and publicly guaranteed external debt over financial year ending June 2020 and June 2021. There was an increase of 26.1 percent in the central government external debt stock as at June 2021 over the previous year June 2020. Conversely, there was a reduction of 5.6 percent in guarantees. The increase in central government external debt reflects the disbursements on committed debt, mainly loans and the changes in holders of treasury bills issued on the RGSM. Loans account for the largest share of the central government external debt with 84.2 percent followed by debenture bonds and treasury bills of 17.0 and 4.1 percent respectively, see figure 1.

Table 2: External debt (by instrument) in EC\$

External Debt	Jun-20	Jun-21
Central Government	630.08	794.41
Loans	497.64	669.01
Debenture Bonds	106.47	95.51
Treasury Bills	25.97	29.89
Guaranteed Debt	91.88	86.75
Total External Debt	721.96	881.16

Source: Debt Unit

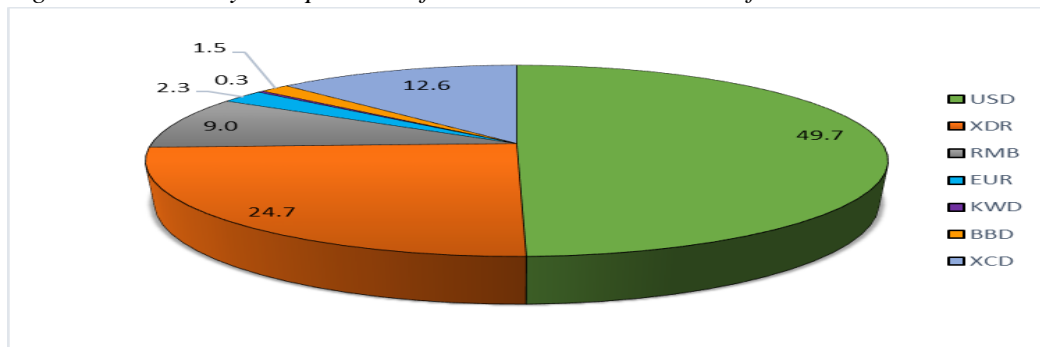
Figure 1: Components of Central Government External Debt – June 2021



Source: Debt Unit

Figure 2 shows the currency composition of external debt. The US dollar is the dominant currency of the external debt portfolio with a 49.7 percent share followed by the Special Drawing Rights with 24.7 percent. The Non-USD and SDR debt exposure are 26.6 percent; out of this amount, 9.0 percent represents Yuan Renminbi (RMB). Currently, there are no significant foreign exchange risks to the debt portfolio. The majority of the debt is denominated in USD, which is pegged to the XCD, and notably, accounts for 12.6 percent of the total. In addition, the BBD is fixed and the RMB has been relatively stable over the years. The percentage of debt denominated in EUR and KWD are almost negligible. However, the debt unit monitors closely the movement of the exchange rates, as part of its mandate to manage the debt of the Commonwealth of Dominica.

Figure 2: Currency Composition of External Debt at the end of June 2021



Source: Debt Unit, Ministry of Finance

Domestic Debt

At the end of June 2021, the total domestic debt stood at EC\$588.6 million or 40.0 percent of the total debt. This reflects a decrease of 3.5 percent over the previous year ending June 2020 due to repayment on loans and amortised bonds with no disbursements or no new loans contracted domestically. Debenture bonds

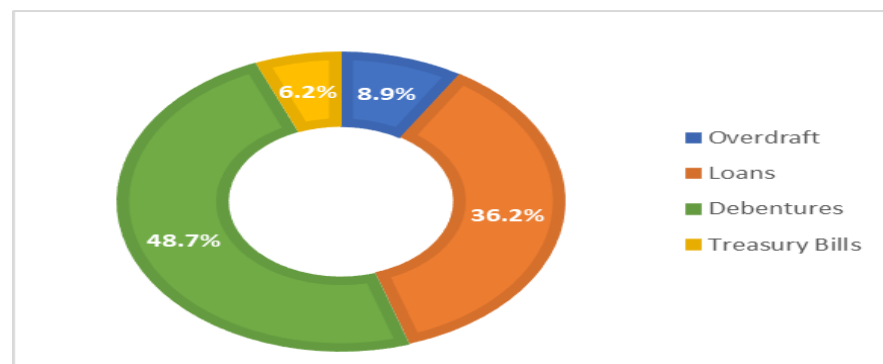
continued to hold the largest proportion of the central government domestic debt amounting to \$253.81 million or 48.7 percent as shown in Table 3 and Figure 4. A reduction of 12.6 percent was noted in the overdrafts at the end of June 2021. There was a shift in the holders of T-bills on the RGSM which resulted in a reduction of the stock. Government guaranteed domestic debt at the end of June 2020 decreased by about EC\$1.13 million over financial year ending June 2021, owing to principal repayments with no new loans contracted.

Table 3: Domestic Debt by Instrument in EC\$

Domestic Debt	Jun-20	Jun-21
Central Government	540.88	520.75
Overdrafts	52.80	46.13
Loans	189.44	188.46
Debenture Bonds	261.37	253.81
Treasury Bills	37.27	32.35
Guaranteed Debt	69.02	67.89
Total Domestic Debt	609.90	588.64

Source: Debt Unit, Ministry of Finance

Figure 4: Central Government Domestic Debt- June 2021 in percentage



Source: Debt Unit, Ministry of Finance

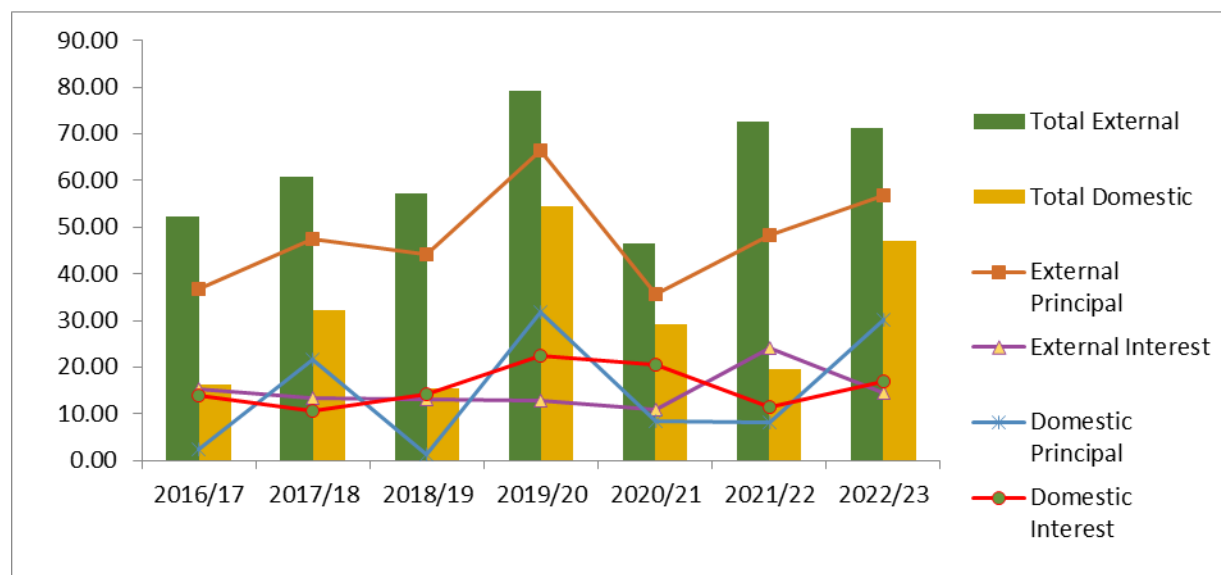
DEBT SERVICE

One of the government's objectives is to ensure that the debt is serviced in a timely manner. Government maintains a Sinking Fund at the Eastern Caribbean Bank for debt serving in the event of cash flow

constraints. An amount of EC\$0.5 million is deposited into the account annually; the balance as at June 30, 2021 is EC\$25.3 million.

Figure 4 below shows the trend of the debt service payments with regards to the central government debt over the five-year period, 2016/2017 to 2020/2021 and includes two years forecast. On the external side, the principal repayment increased by an average 24.1 percent over the period 2016/17 to 2019/20. There were spikes in repayment in the financial years 2017/18 and 2019/20 as a result of the redemption of bonds issued on the RGSM, in addition to resumption of loan payments. The interest payments remained relatively flat decreasing by an average 5.83 over the same period. There was a reduction of in total debt service in financial year 2020/21 over the previous year by 46.5 percent partly due to the debt service suspension to some of its creditors. The government engaged in the Debt Service Suspension Initiative(DSSI) which was initiated to cushion the impact of the pandemic. On the domestic side, the total debt service payment increased by about a 63.8 percent average over the period. The spikes during the period reflected redemption of bonds as in the case of the external side. The two years forecast on the external side shows an upward movement in principal repayment with interest payments showing and upward movement in the first year then trends downward. The forecast for the domestic debt service shows and opposite trend. The expected increases in principal repayment in the year 2022/23 is resultant to the maturing of an EC\$25.0 million bond on the RGSM in addition to other payments becoming due.

Figure 4: Debt Service of Central Government Debt



Source: Debt Unit, Ministry of Finance

Developments on the Regional Government Securities Market (RGSM)

The Government of Dominica continues to rollover a ninety-one day \$20.0 million treasury bill and during the financial year 2020/21, the yield averaged 2.1 percent as shown in table 4. Based on the results of the

auctions, it can be said that there continues to be a great demand for treasury bills. There was a significant oversubscription for most of the auctions during the period. The bid to cover ratios were 2.36, 1.67, 2.25, and 1.00 respectively. There were no bonds issued on the RGSM during fiscal year 2020/21.

Table 4: SECURITIES ISSUED ON THE RGSM during Financial Year 2020/21

Instrument	Symbol	Term	Date of Issue	Date of Maturity	Issue Amount	Allotted Amount	Subscriptions	No. of Bids	Yield	Bid-to-Cover Ratio
T-bill	DMB031220	91 days	2/9/2020	2/12/2020	20,000,000	20,000,000	47,258,000	15	1.5	2.36
T-bill	DMB080321	91 days	4/12/2020	8/3/2021	20,000,000	20,000,000	33,463,000	16	1.50	1.67
T-bill	DMB090621	91 days	9/3/2021	9/6/2021	20,000,000	20,000,000	44,997,000	17	1.40	2.25
T-bill	DMB100921	91 days	10/6/2021	10/9/2021	20,000,000	20,000,000	20,007,000	11	4.00	1.00

V111. Macro-Economic Performance

Real GDP is estimated to have contracted by 11 percent in 2020 due to direct impacts of the pandemic. The Dominican economy continues to be affected in various ways by the current COVID-19 pandemic however, due to a reduction in COVID-related measures, the reopening of the cruise sector and expected expansion in the construction sector, the economy is expected to grow by roughly 3.4% in 2021. Productive activities as well as services are resuming and are anticipated to return to pre-COVID levels.

The closing of national borders and the stopping of air traveling had severe impact on the tourism industry. The costs of lack of business in the tourism industry affected all activities related directly and indirectly to tourism such as transport, hotels, commerce, and services. In 2020 tourist spending declined by 77% to EC\$ 72.5 million, compared spending of EC\$ 317.8 million in 2019 and 219.6 million in 2018.

Other activities affected by the Covid-19 crisis are construction and the agri-business. Although construction activity did not seize altogether, the need for social distancing and the observation of strict protocols took its toll on the level of allowable activity. Construction activities declined by 48% in 2020 compared to a decline of 17.2% in 2019. An improvement of 12% is expected in 2021. A Public Sector Investment Programme outturn of \$401.9 million for fiscal year 2020/21 compared to \$152.9 million for the previous fiscal year evidences this. The contraction of the tourism sector that demands food for hotels and restaurants along with the cut in consumption of wage-goods adversely affected the agri-business. Agricultural activities have however recorded an increase of 22.6% in 2020 compared to an increase of 6.4% in 2019. For the year 2021, agricultural activities are expected to grow by 0.6%.

Activities in the manufacturing sector grew by 24.3% in 2020 compared to a decline of 11.4% in 2019. Growth in this sector is expected to be 7.8% in 2021. The tourism sector declined by 56% in 2020 compared to a growth of 16.3% in 2019. For the year 2021, this sector is expected to see a decline of 5.8% due to the ongoing pandemic.

In 2020, there was an overall decrease in the total number of visitors to 139,679 which compares to 321,605 in 2019. Cruise ship passengers decreased to 117,979 in 2020 compared to 229,747 in 2019. Excursionists decreased from 2,446 in 2019 to 167 in 2020 and stay-over visitors decreased from 89,412 in 2019 to 21,533 in 2020.

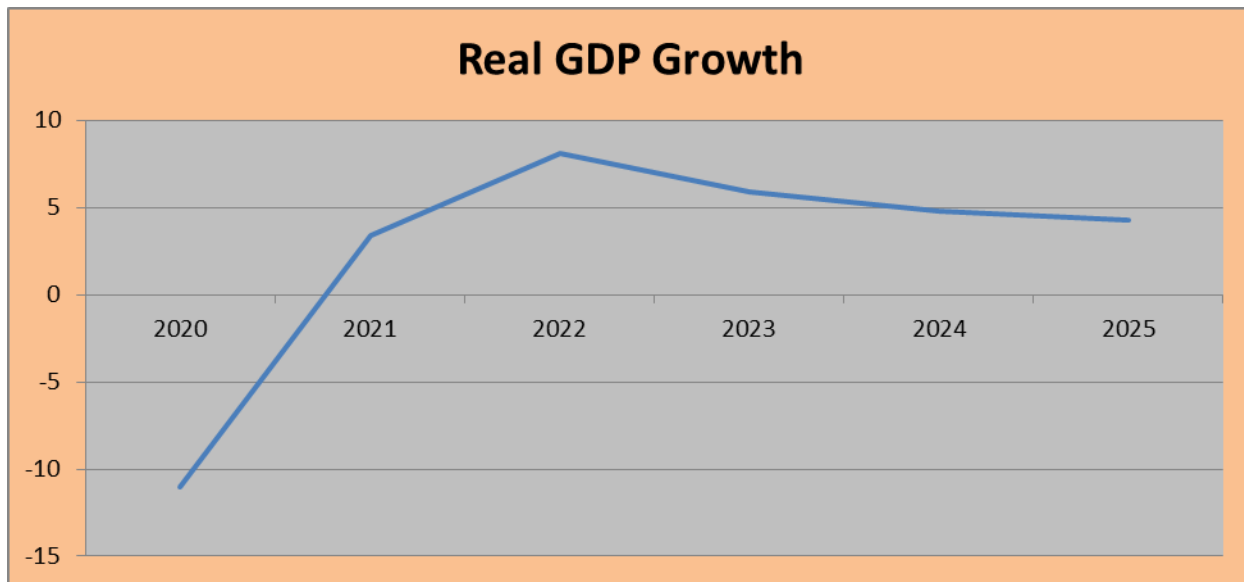
The last labour force survey was conducted in 2011 and it indicates that there was a total of 53,257 persons 15 years and over. Out of this total, 31,222 were in the labour force while 22,035 were not in the labour force and 3,472 were unemployed. Out of the labour force total, 27,750 were employed (16,140 males and 11,610 females). Another labour force survey is due to determine movements in the labour force and possible trends. Unfortunately, there have been 34 COVID-19 related deaths in Dominica and it is anticipated that employment, output and investment levels will return to pre-COVID levels once the impacts of the pandemic smooths out and the economy returns to normal.

Projections for the outlook suggest a 3.4 percent expansion in activity in 2021 as the impact of COVID -19 dissipates and the economy returns to normal activity. Growth is expected to average 5.8 percent in the

medium term. Capital expenditure is expected to remain elevated in keeping with government’s policy of stimulating the economy to reverse quickly the impact of COVID-19.

The table below shows real GDP growth for the period 2015 to 2024.

Real GDP Growth rate



Source: CSO Ministry of Finance, Dominica

Balance of Payments

Preliminary estimates of the balance of payments indicate a reduction of the net borrowing position to \$246.2m (19.5 per cent of GDP) in 2020, below that of \$469.4m (30.3 per cent of GDP) recorded in 2019. This development was driven by a decrease in net outflows on the current account to \$375.0m from \$600.8m in the previous year, reflecting a decline in net outflows from imports, as well as lower inflows from services, as travel was negatively affected by the pandemic.

There was also a slight decline in net inflows on the capital account during the review period. On the financial account, a net borrowing position of \$167.3m was recorded, compared with one of \$614.5m observed in 2021.

IX. Fiscal performance

Revenue

Operations of central Government for fiscal year 2020/21 have resulted in an overall deficit of 7.3 percent of GDP representing decline in the fiscal position. Large-scale public investment aimed at rehabilitation, reconstruction, resilience and the global pandemic of COVID-19 has outpaced revenue and grant inflows. It should be noted however that tax revenues for the current fiscal year are down by 9.4 percent over the previous fiscal year. Weak performances were noted in the value added tax, both on domestic and import collections as well as import duties and customs service charges.

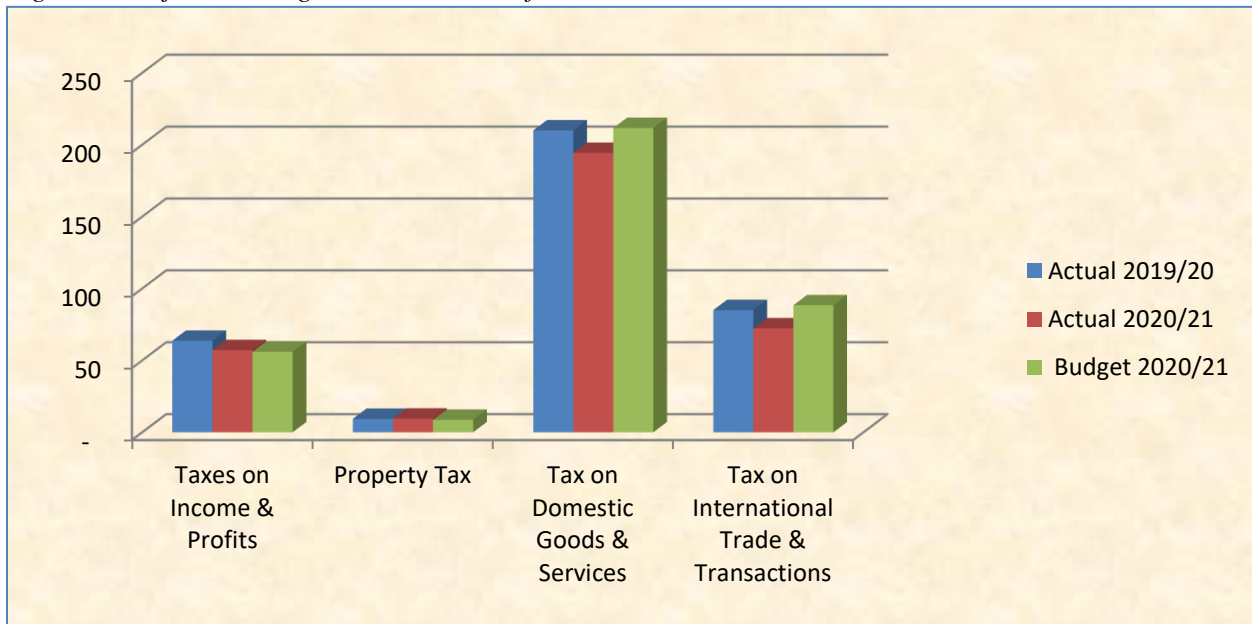
Non-tax revenue collections for the fiscal period, July 2020 to June 2021, were 133.8 percent higher than the corresponding period of the previous financial year; which subsequently by year-end resulted in a 41.7 percent increase of total revenue collections compared to fiscal year 2019/20.

Tax revenue

Tax revenue recorded a decline for the 2020/21 period, contracting to the previous year's performance by 9.4 percent but accumulated an overall 91 percent of the budget expectations. Collections from property tax yielded more than 100 percent of budget projections and registered an increase compared to collections in fiscal year 2019/2020. This increase is reflective of improvements in revenue inflows from sources associated with the purchase and transfer of real estates. Taxes on Goods and Services and Taxes on International Trade and Transactions recorded decreases of 7% and 15% respectively compared to collections of the previous year. Declines in these two categories were due to decreased collection of VAT (import) and Import duty respectively.

Figure 6 below shows a comparison between the budget for 2020/21, actual for 2020/21, and actuals for Fiscal year 2019/2020 for the major tax categories.

Figure 6: Major tax categories in Millions of Dollars



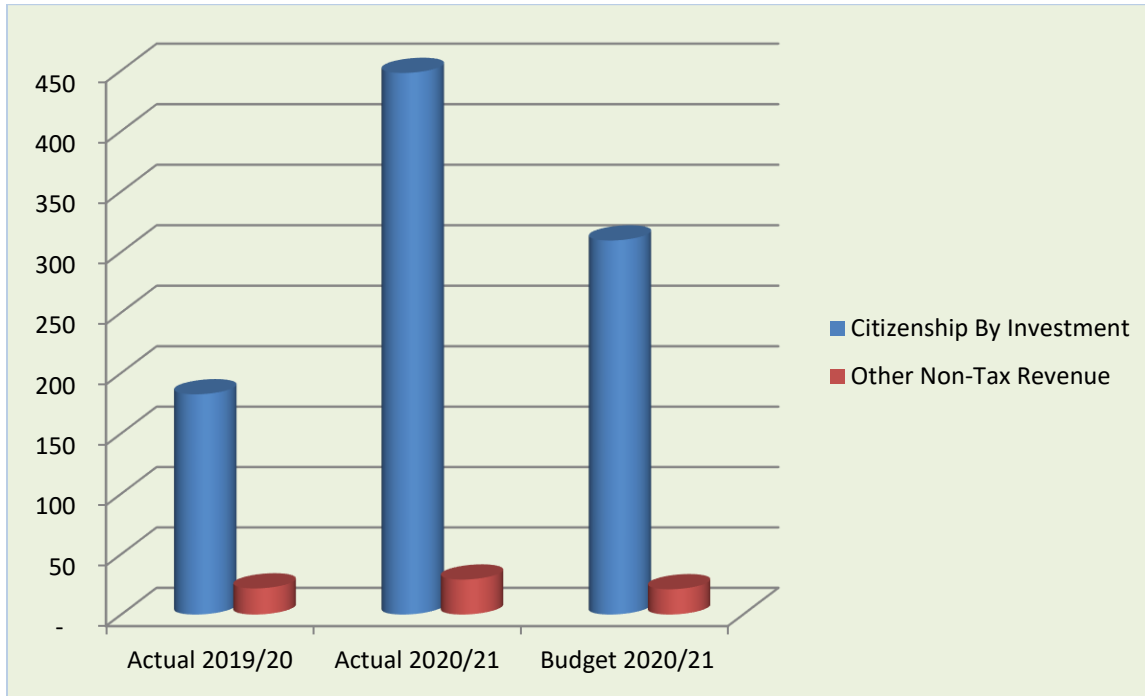
Source: Macroeconomic Policy Unit, Ministry of Finance

Non-Tax Revenue

Supported largely by revenues from the Citizenship by Investment Programme (CBI), non-tax revenues continued to be a major contributor to government’s fiscal operations during the 2020/21 period. CBI collections for the 2020/21 period surpassed the budget estimate, as revenue generated reached 144% of budgeted estimates while other non-tax revenue components recorded over a 138% of budget estimates and 134% in comparison to fiscal 2019/20. The fiscal year ending 2020 period saw a significant increase in non-tax revenue over the corresponding period of the previous financial year, with CBI receipts accounting for the greatest proportion of non-tax revenues.

Figure 7 below shows the composition of total non-tax revenue for fiscal year 2019/20, actual for 2020/21, and actual Budget for 2020/21

Figure 7: Composition of Non-tax revenue in Millions of Dollars



Source: Macroeconomic Policy Unit, Ministry of Finance

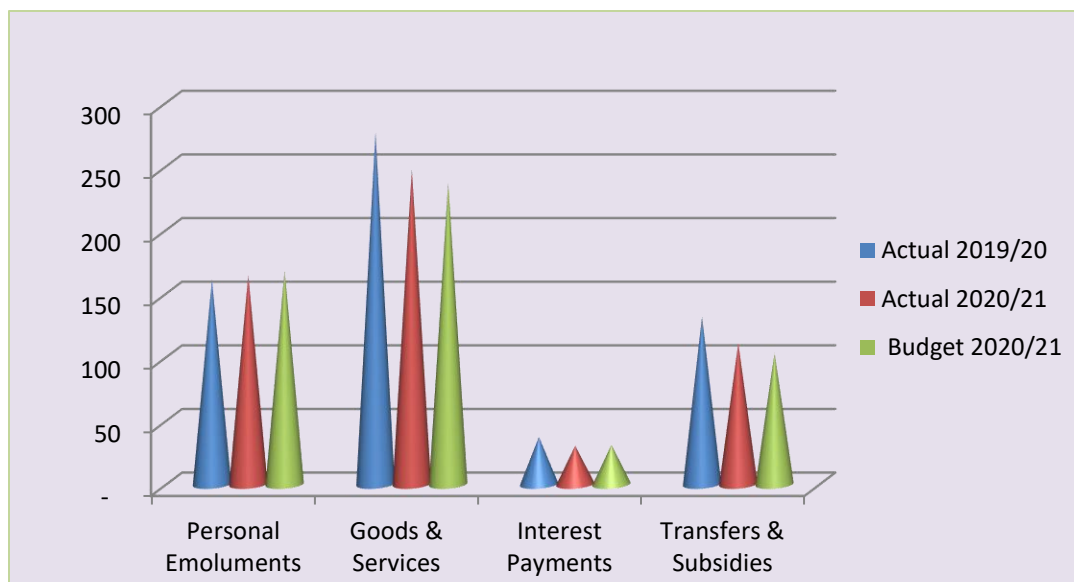
Expenditure

Total expenditure for fiscal year 2020/21 was below the budgeted amount, and recorded 26 percent increase compared to the amount spent for the previous year 2019/20.

Current expenditure

Current Expenditure was below the budget estimate by roughly 9 percent. The largest contributor to current expenditure during the 2020/21 period was that of Goods and Services registering \$247.3 million. This expenditure item was 4.4 percent higher than the budgeted projections. This was because of continued measures to assist in the rehabilitation following hurricane Maria and expenses associated with the challenges pose the global pandemic of COVID-19. Although, Personal Emoluments registered a 2 percent increase in comparison to fiscal year 2019/20 only 97% of budgeted amounts were exhausted. Transfers & Subsidies for 2020/21 recorded a decline of 16% compared to 2019/20 but surpassed budget projections by 7%.

Figure 8: Components of Current expenditure for the period under review

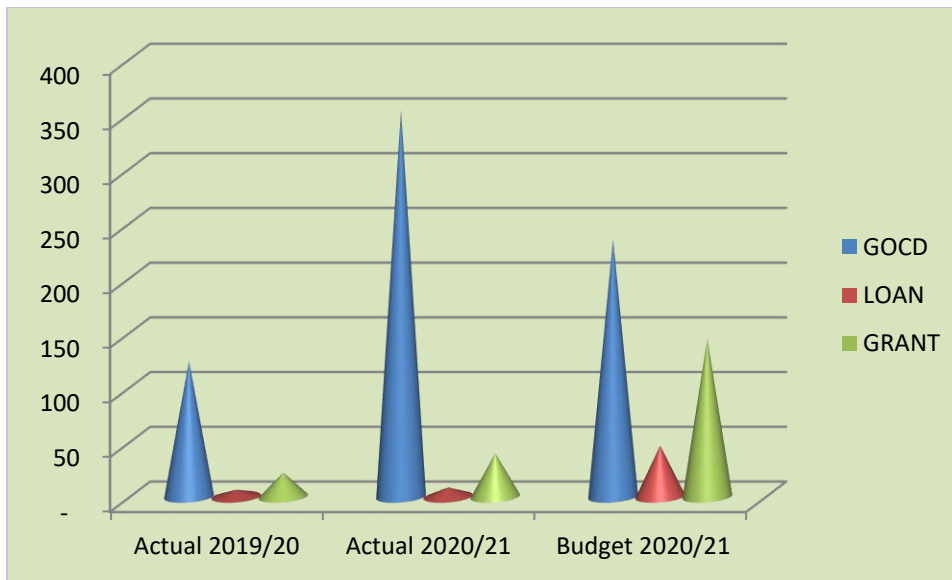


Source: Macroeconomic Policy Unit, Ministry of Finance

Capital Expenditure

Expenditure for fiscal year 2020/21 as reported by the PSIP Unit was \$402 million with \$40 million being grant financed. This compares to \$153 million and \$22 million for the previous financial year. The 2020/21 capital expenditure was only 6 percent lower than budgeted due to improvements in the implementation rate. The second half of the 2020/21 period has seen capital expenditure of \$320 million or 75 percent of capital projects executed. The mandate to build a climate resilient country has necessitated additional revision of the PSIP with expenditure that resulted in that increase; however, a lower implementation rate caused a decline in expenditure in the first half of the year, which resulted in a total capital expenditure below the estimated budget of 427 million. GoCD funds continue to be the major source of funding for capital projects with 88%.

Figure 9: PSIP financing for 2019/20 and 2020/21 and Budget for 2020/21



Source: Macroeconomic Policy Unit, Ministry of Finance

Fiscal operations of central government for the period July 2020 to June 2021 has resulted in a current account surplus of \$257 million or 18 percent of GDP. During the same period of the previous year a deficit of \$33.5 million was realized. The overall balance inclusive of grants is in deficit of \$103.1 million or 7.3 percent of GDP. The primary balance, the main fiscal indicator, is in deficit of \$72.7 million or 5.1 percent of GDP. For the corresponding period of the previous fiscal year, the outturn reflected a primary deficit of 8.5 percent of GDP. As anticipated at the end of the 2020/21 period a deficit was recorded on the overall and primary balances.

Financial Sector Analysis

Broad money liabilities (M2) decreased by 11.8 per cent to \$1, 389.1m (110.0 per cent of GDP) during 2020, compared with a decline of 6.6 per cent to \$1,574.2m (101.5 per cent of GDP) during 2019. Domestic claims (credit) grew by 2.2 per cent, as the private sector claims (credit) increased (8.6 per cent). Claims on private sector increased as claims to businesses and households increased respectively by 11.1 and 7.1 per cent during 2020.

An analysis of the distribution of commercial bank credit by economic activity revealed that total loans and advances was \$1.1b at the end of 2020, driven by increased lending to manufacturing, construction and land development, government and statutory bodies and private households. Although the pandemic adversely affected the economy of the Commonwealth of Dominica, the banking sector remained liquid. The ratio of net liquid assets to total deposits rose by 4.2 percentage points to 52.1 per cent, well above the ECCB's minimum benchmark of 20.0 per cent. The ratio of nonperforming loans to gross loans stood at 15.0 per cent, 10.0 percentage points above the ECCB's tolerable limit.

The consumer price index as at 2020 was 106.40 and reflects a 1.07% increase from the 105.27 recorded in 2019. For the period January to September 2021 the CPI could not be calculated due to software issues.

X. Prospects

The overall level of economic activity is expected to expand over the medium term averaging 5.8 percent annually. Output of goods and services will increase in 2021, based on expected positive developments in key sectors caused by increased economic activities and reduction in COVID-19 related measures. Growth in the construction sector is expected to continue, supported by ongoing reconstruction and rehabilitation activities in the public sector although there has been a reduction in construction activity in 2021 compared to 2020.

The COVID-19 pandemic continues negatively impact the tourism sector and by extension the overall economy. There has been a reduction in the level of activity in hotels and restaurants and this has negatively impact other related sectors including transport, wholesale and retail and real estate renting and business activities due to the fact that the pandemic has halted the operations of airlines and cruise operators from March 2020. The tourism sector is quickly resuming activities with a total of 240 cruise ship calls expected this season and the ferry service resumed activities effective November 15, 2021. Additionally, there will be direct flights from Miami to Dominica commencing in December, 2021 which is expected to further boost economic activity. Embarkation tax is expected to return to pre-COVID levels of over 3 million. There has also been an acceleration in revenue from the Citizenship by Investment Programme and an increase in the amount of grants received.

Further economic activities are expected in the construction sector with the ongoing construction of major hotels and the commencement of construction of the international airport for which a total of 75 million was budgeted for this year. Activities in the agricultural sector are rebounding fruitfully with increased levels of production reported by the Ministry of Agriculture.

Even with increased economic activities in key sectors, the country remains vulnerable to external shocks such as adverse weather patterns, weakening growth prospects of trading partners and the inevitable impacts of COVID-19 pandemic globally.

The current account balance is projected be \$268.2m showing an improvement to 17 percent of GDP in 2021 moving from a deficit of 2.3 percent of GDP in 2019, with exports of goods and services expected to increase by about 1 percent, mostly due to increased activities in tourism, agriculture and manufacturing. Imports are expected to remain high, albeit with a change in composition, as measures are being taken to minimize the impact of COVID-19 on the economy in conjunction with the government continued efforts of building a resilient nation.

XI. Security Issuance Procedures, Clearance and Settlement

The series of Securities will be listed on the ECSE. This market operates on the ECSE trading platform for both primary issuance and secondary trading. The pricing methodology to be used for selling the securities will be a Competitive Uniform Price Auction. The ECSE is responsible for disseminating market information, providing intermediaries with market access, administering the auction process and monitoring the auctions.

The ECSE, through the Eastern Caribbean Central Securities Depository (ECCSD), will be responsible for facilitating clearance and settlement for the securities allotted. The ECCSD will ensure that funds are deposited to the account of the Government of the Commonwealth of Dominica.

The ECSE, through the Eastern Caribbean Central Securities Depository (ECCSD), will record and maintain ownership of the government securities in electronic book-entry form. The ECCSD will mail confirmation of proof of ownership letters to all investors who were successful in the auction. The ECCSD will also process corporate action on behalf of issuing governments.

Intermediaries will be responsible for interfacing with prospective investors, collecting applications for subscription and processing the same for bidding on the ECSE platform. Investors must provide the intermediaries with funds to cover the cost of the transaction. For this particular offering, investors will pay the applicable brokerage fees to the intermediaries. A list of licensed intermediaries who are members of the ECSE is provided (Appendix 1).

Successful clients will be informed of their payment obligations and the funds provided to the intermediary will be used to purchase the allotted amount.

As an issuer on the RGSM, the Government of the Commonwealth of Dominica will be subject to the rules, guidelines and procedures developed by the Regional Debt Coordinating Committee (RDCC) for the operation of the market, including ongoing reporting and disclosure requirements.

XII. Appendices

- i. Listing of Licensed intermediaries
- ii. Summary of Government Fiscal Operations (EC\$ Millions)
- iii. Total Public Sector Outstanding Debt As at June 2020 (EC\$ millions)
- iv. Debt Service

APPENDIX I Listing of Licensed ECSE Member Broker Dealers

INSTITUTION	CONTACT INFORMATION	ASSOCIATED PERSONS
Grenada		
Grenada Co-operative Bank Limited	No. 8 Church Street St. George's Tel: 473 440 2111 Fax: 473 440 6600 Email: info@grenadaco-opbank.com	Principals Aaron Logie Allana Joseph Representatives Keisha Greenidge Kishel Francis Laurian Modeste
St Kitts and Nevis		
St Kitts Nevis Anguilla National Bank Ltd	P O Box 343 Central Street Basseterre Tel: 869 465 2204 Fax: 869 465 1050 Email: donellec@sknanb.com	Principals Anthony Galloway Petronella Edmeade-Crooke Representatives Angelica Lewis Marlene Nisbett
The Bank of Nevis Ltd	P O Box 450 Main Street Charlestown Tel: 869 469 5564 / 5796 Fax: 869 469 5798 E mail: info@thebankofnevis.com	Principals Monique Williams Judy Claxton Representatives Denicia Small Nikesia Pemberton
St Lucia		
Bank of Saint Lucia	5 th Floor, Financial Centre Building 1 Bridge Street Castries Tel: 758 456 6826 / 457 7233 Fax: 758 456 6733	Principals Medford Francis Lawrence Jean Cedric Charles Representatives Deesha Lewis Shaiiede Kallicharan

APPENDIX II Summary of Government Fiscal Operations (EC\$ Millions)

	Actual 2019/20	Actual 2020/21	Estimate 2021/22	Projections 2022/23	Projections 2023/24
Total Revenue + Grants	596,595,642	852,047,868	983,069,361	1,287,334,923	1,146,755,009
Total Revenue	574,319,317	812,152,942	858,149,571	1,140,875,702	1,042,645,879
Recurrent Revenue	573,167,089	810,239,061	853,099,571	1,135,825,702	1,037,595,879
Tax Revenue	368,040,401	333,308,810	360,756,784	393,445,186	422,580,501
Taxes on Incomes & Profits	63,670,378	57,145,506	64,648,544	70,506,389	75,727,514
Taxes on Property	9,387,771	9,553,276	10,236,822	11,164,387	11,991,130
Taxes on Domestic Goods & Services	209,972,800	194,302,342	209,591,960	228,583,221	245,510,215
Taxes on Intl Trade & Transactions	85,009,453	72,307,686	76,279,457	83,191,188	89,351,643
Non-Tax Revenues	203,974,460	476,930,250	492,342,787	742,380,516	615,015,378
CBI	182,355,034	447,973,818	463,354,283	710,641,481	580,927,367
Other	21,619,426	28,956,432	28,988,504	31,739,035	34,088,011
Capital Revenue	1,152,228	1,913,881	5,050,000	5,050,000	5,050,000
Grants	22,276,325	39,894,926	124,919,790	146,459,221	104,109,130
Current Grants	-	-	4,121,410	4,121,410	4,121,410
Capital Grants	22,276,325	39,894,926	120,798,380	142,337,811	99,987,720
Total Expenditure	759,562,921	955,172,271	1,023,773,841	1,330,869,310	1,152,718,474
Recurrent Expenditure	606,628,179	553,240,194	584,917,276	573,407,129	572,923,811
Personal Emoluments	160,629,695	164,530,862	187,176,971	175,702,995	176,214,207
Interest Payments	37,281,853	30,336,318	34,981,883	37,146,702	35,678,989
Goods & Services	276,867,855	247,347,477	249,718,191	247,815,463	247,917,209
Transfers & Subsidies	131,848,776	111,025,537	113,040,231	112,741,969	113,113,406
Capital Expenditure	152,934,742	401,932,077	438,856,565	757,462,181	579,794,663
Grants	22,276,325	39,894,926	120,798,380	142,337,811	99,987,720
Loans	6,477,590	8,610,467	64,803,191	116,452,310	79,673,109
GOCD	124,180,828	353,426,684	253,254,994	498,672,059	400,133,835
Current Account Balance	(33,461,090)	256,998,867	268,182,295	562,418,573	464,672,068
Overall Balance	(162,967,279)	(103,124,403)	(40,704,480)	(43,534,387)	(5,963,465)
OB as % of GDP	(11.1)	(7.3)	(2.7)	(2.6)	(0.3)
Primary Balance	(125,685,426)	(72,788,085)	(5,722,597)	(6,387,685)	29,715,524
PB as % of GDP	(8.5)	(5.1)	(0.4)	(0.4)	1.7
Nominal GDP	1,472,000,000	1,415,000,000	1,523,000,000	1,661,000,000	1,784,000,000

Source: Ministry of Finance

APPENDIX III Total Public Sector Outstanding Debt As at June 2021 (EC\$ millions)

	2016/17	2017/18	2018/19	2019/20	2020/21	% change
1. TOTAL OUTSTANDING Debt	1038.4	1031.3	1207.1	1331.9	1469.8	10.4
GDP Figures	1456.0	1341.2	1523.0	1554.0	1415.0	-8.9
2. OFFICAL DEBT	1038.4	1031.3	1212.1	1331.9	1469.8	10.4
% GDB at market prices	71.3	76.9	79.6	85.7	103.9	21.2
A. Central Government						
% GDB at market prices	59.9	64.5	68.5	75.4	92.9	23.3
Outstanding Debt	871.6	864.7	1043.7	1171.0	1315.2	12.3
- Domestic	237.2	250.4	432.7	540.9	520.8	-3.7
- External	634.3	614.3	611.0	630.1	794.4	26.1
- Treasury Bills/Notes	26.0	17.6	22.6	26.0	29.9	15.1
- Bonds	96.8	90.3	115.0	106.5	95.5	-10.3
- Loans	511.6	506.5	473.4	497.6	669.0	34.4
- Bilateral	188.3	171.7	148.2	127.8	132.0	3.3
- Multilateral	316.6	328.0	318.5	363.1	530.3	46.0
- Other	6.8	6.8	6.8	6.8	6.8	0.0
B. Government Guaranteed						
% GDB at market prices	11.5	12.4	10.7	10.4	10.9	5.6
Outstanding Debt	166.9	166.6	163.4	160.9	154.6	-3.9
- Domestic	69.5	68.3	71.1	69.0	67.9	-1.6
- External	97.4	98.3	92.3	91.9	86.8	-5.6
TOTAL (Domestic)	306.7	318.7	503.8	609.9	588.6	-3.5
TOTAL (External)	731.7	712.6	703.2	722.0	881.2	22.1

Source: Debt Unit Ministry of Finance

APPENDIX IV Central Government Debt Service

EXTERNAL	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
BILATERAL	22.66	24.84	23.74	21.04	7.92	17.54	21.78
Principal	16.21	20.31	19.57	17.34	6.48	14.35	18.69
Interest	6.45	4.53	4.16	3.70	1.44	3.19	3.10
MULTILATERAL	20.56	22.80	24.47	25.58	23.55	33.35	35.66
Principal	15.33	17.66	19.23	20.33	18.65	25.78	26.95
Interest	5.23	5.15	5.23	5.26	4.91	7.57	8.71
OTHER	5.72	6.90	5.78	22.04	10.72	8.39	8.20
Principal	3.44	4.58	3.44	20.14	7.90	6.48	6.55
Interest	2.28	2.32	2.33	1.90	2.82	1.90	1.65
PRIVATE	0.07	0.07	0.07	0.87	0.25	0.25	0.25
Principal	0.01	0.01	0.01	0.80	0.01	0.01	0.01
Interest	0.06	0.06	0.06	0.07	0.24	0.24	0.24
COMMERCIAL	3.14	6.15	3.09	9.64	4.03	12.97	5.49
Principal	1.83	4.83	1.83	7.83	2.61	1.70	4.70
Interest	1.32	1.32	1.26	1.82	1.42	11.28	0.80
TOTAL	52.16	60.77	57.14	79.18	46.48	72.50	71.38
Principal	36.83	47.39	44.09	66.43	35.65	48.32	56.89
Interest	15.33	13.37	13.05	12.75	10.83	24.18	14.48
DOMESTIC							
COMMERCIAL	7.79	13.90	7.37	27.29	12.75	3.36	19.70
Principal	2.08	10.69	0.69	11.64	0.69	0.35	10.35
Interest	5.71	3.21	6.68	15.66	12.05	3.02	9.35
Pension Fund	4.90	14.67	5.47	18.17	13.53	13.30	24.55
Principal	0.13	9.83	0.55	12.74	7.66	7.66	19.57
Interest	4.77	4.84	4.91	5.43	5.88	5.64	4.98
FINANCIAL INSTITUTION	0.04	0.42	0.01	0.11	0.29	0.28	0.28
Principal	0.01	0.41	0.01	0.01	0.01	0.00	0.00
Interest	0.03	0.02	0.00	0.11	0.28	0.28	0.28
INSURANCE FUND	0.57	0.57	0.57	7.61	0.62	0.60	0.60
Principal	0.02	0.02	0.02	7.06	0.14	0.13	0.13
Interest	0.55	0.55	0.55	0.55	0.47	0.47	0.46
PRIVATE	0.09	0.73	0.01	0.80	1.92	1.92	2.02
Principal	0.05	0.70	0.00	0.00	0.01	0.01	0.11
Interest	0.05	0.03	0.01	0.80	1.91	1.91	1.90
OTHER	2.78	1.93	1.92	0.47	0.04	0.03	0.03
Principal	0.02	0.02	0.02	0.45	0.03	0.02	0.02
Interest	2.76	1.92	1.90	0.02	0.01	0.01	0.01
TOTAL	16.17	32.23	15.35	54.45	29.15	19.50	47.18
Principal	2.30	21.66	1.29	31.89	8.54	8.18	30.19
Interest	13.88	10.57	14.06	22.56	20.61	11.32	16.98
DEBT RATIOS							
Total Debt service/Revenue %	7.86	13.93	10.11	23.22	8.27	10.78	10.44
Ext Debt Service /Revenue %	6.00	9.10	7.97	13.76	5.08	8.50	6.29
Dom Debt Service/Revenue %	1.86	4.83	2.14	9.46	3.19	2.29	4.15

Source: Debt Unit/Dominica Authorities